



Identifying Customer Satisfaction of Islamic Transaction Banking Industry in Oman

Tariq Mohammed Zayid Khawar¹, Asbi B. Ali²

¹ Faculty of Business Management & Professional, Management & Science University, Malaysia; tareq_k_2006@hotmail.com

² Professor, Faculty of Business Management & Professional, Management & Science University, Malaysia; asbi@msu.edu.my

Information of Article

Article history:

Received: Feb 12, 2018

Accepted: Feb 21, 2018

Available online: Mar 1, 2018

Keywords:

Service quality,
Customer satisfaction,
Islamic banking, Oman

ABSTRACT

This paper investigates the impact of two dimensions of service quality that tangible and responsiveness on the customer satisfaction in Islamic banking industry in Oman. The sample comprises 283 participants from two Islamic banks in Oman. The result of this study finds a significant and positive impact from the dimensions of service quality that tangible and responsiveness on the customer satisfaction in Islamic banking industry in Oman.

1. INTRODUCTION

The banking business is the backbone of the financial structure. It plans and manages the stream of assets amongst shortage and surplus units, paying little respect to the diverse ideas that represent this relationship, yet they meet in a typical reason, lessening hazard potential and expanding unit gainfulness. The Islamic viewpoint in the banking business has been of tremendous enthusiasm for late decades. Many reasons have been appealing components for the idea of Islamic banking, notwithstanding the certainty picked up from the progressive worldwide budgetary emergency regarding the previous decades. Together, they have made a dire want for stable financial development in this industry (Iqbal & Molyneux, 2005). It isn't shocking that the start of the Islamic banking industry from the cutting-edge origination was the start of the utilization of the idea of globalization, the initial sixties shaped the period of genuine globalization, and the market is more open to meet the diverse needs of clients (Feder, 2006).

Oman is oil country as with other countries in Arabian Peninsula, but despite the oil wealth that consider as a mainstay of economic, Oman oil production still modest production is compared with other Gulf countries like Saudi, Emirate, Qatar, Kuwait, and Bahrain (Zaiter, 2010). The other source of income comes from agriculture, tourism, and fishing. Resulting in the limit source of oil wealth, Oman government strives to boost the industry sector, and encourage the free market policy. This uncertain future made Oman was insisted to develop the banking system to meet the different needs of internal and external investors, in addition to avoid the weakness of the global banking system especially the last Asian, and America financial crisis.

Islamic banking transactions are a method used in banking transaction that is limited to the rules and regulations of Islam, Islamic Sharia prohibit any king of transactions that involves interest (Riba), based on that method the whole Islamic banking. Oman is an Islamic country, but they never practiced any Islamic banking method in their banking transactions until 2011. Oman is considered as a new market to the Islamic banking because of that Oman only joined the Islamic banking in 2011, which make it approximately four years only.

From the crisis that happened in 2008 in America in the property trading, most of the countries that use conventional banking transactions shifted to the Islamic banking especially the Islamic countries. Also, after the European crisis, they changed to the Islamic banking transactions because of the safety that Islamic banking provides. Islamic banking is not connected to the conventional banking, as knowing all of the American and European using the conventional banking so every country that is connected to the conventional banking will be affected to these crises.

If the Islamic banking is not connected to the conventional banking, then those countries who's using Islamic banking will not be affected. These are the reasons that made Oman thinks toward the Islamic banking method. The political issues and revolutions that came up lately in the Arabian countries had influenced Oman to shift to the Islamic banking.

2. LITERATURE REVIEW

The concept of customer satisfaction can have many different tails, some authors identified the customer satisfaction as the quality of goods and services, others said it's about the customers respond to the products whether it's like what they expected or not. Customer satisfaction is a term utilized as a part of promoting. It is a measure of how the items and services gave by the organization meet or surpass customer desires. Customer satisfaction is characterized as "the quantity of customers or the level of aggregate customers whose involvement with an organization, its items or services (evaluations) surpasses its particular satisfaction goals." In a study of almost 200 best showcasing chiefs, 71 percent addressed that they found a customer satisfaction scale extremely accommodating in overseeing and observing their business.

It is viewed as a key execution marker in business and is regularly part of an adjusted execution card. In a focused market where organizations vie for customers, customer satisfaction is viewed as a noteworthy separation and has moved toward becoming progressively a basic component of business system. Customer satisfaction is tied in with surveying customer demeanors about items, administrations and brands. While it's dependably been brilliant to keep customers glad, the expression "customer satisfaction" moved toward becoming promoted in the 1980's with the aggregate quality development. In this way customer satisfaction hypothesize as one of the principle markers of business execution. It results to repurchase conduct, constructive informal referrals, less grumblings, and a littler arrangement of option offers considered in buy choices. These effects on purchaser conduct make customer satisfaction decrease promoting costs, guarantee costs, and the business hazard and add to improve deals, benefit, stock esteem, and the general corporate picture (Al-Allak, Saeed, & Alnaser, 2011). Along these lines, precise estimation of customer satisfaction through solid purchaser input is indispensable for creating compelling administration techniques combined with enabling directors to actualize satisfaction change programs. Thus, there has been the improvement of five particular hypotheses to clarify the idea of customer satisfaction, with solid help for the hope disconfirmation hypothesis, created by Richard Oliver (1980), as it is the most broadly received model by firms in the present business world.

While gathering customer satisfaction information, it is likewise valuable to make extra inquiries to quantify repurchase aim; this will ordinarily be high if the customer's satisfaction is high. It is likewise valuable to gauge the probability or ability to prescribe the organization and brand to others. A high positive informal score shows that the organization is creating high customer satisfaction. More than 35 years above Peter Drucker watched that an organization initially undertaking is to make customers. In any case, the present customers confront an immense assortment of item and branch decisions, costs and providers.

The reasonable meaning of administration quality created by Parasuraman et al. (1988) has been generally utilized for looking at perfection in the administration experiences by customers. Bitner (1990) characterized benefit quality as the customers' general impression of the relative inadequacy/prevalence of a specialist co-op and its administrations and is frequently viewed as like the customer's general attitude towards the organization (Parasuraman et al., 1988). This meaning of administration quality covers a few focuses. One of them is an attitude created over every single experience with an administration firm.

The word "attitude" incorporates result quality and process quality. So also, different analysts have named result quality as what the customer really got and process quality as how the administration is conveyed (Al-Allak, Alnaser, & Saeed, 2011). In any case, result quality is normally troublesome for a customer to assess for any administration since administrations tend to have more understanding and assurance qualities. This circumstance drives customers to incorporate process quality, i.e. the administration is assessed by customers amid its conveyance. Subsequently, quality of administration assessment does not depend entirely on the result quality of the administration, yet it likewise includes assessment of the procedure of administration conveyance.

These segments strongly affect future desires of an administration firm however the relative effect of each may shift from one administration experience to the next. This definition quickly depicts quality of administration as the result and process quality of the administration from all past administration experiences. In this way, the way an item is assessed by a customer relies upon the degree to which it is unmistakable or elusive. Thus, both physical products and ventures are conceptualized to fall on the continuum extending from unmistakable to elusive (Al-Allak, 2012). In an internet business setting, saw benefit quality is characterized as the buyers' general judgment of the greatness and the quality of e-benefit offerings in the virtual commercial center where there is no eye to eye collaborations

3. METHODOLOGY

This study aims to target 283 participants, the sample will be selected randomly from the Islamic banks in Oman, below is the list of the selected Omani banks in Salalah: Nizaw Bank and Alizz Islamic Bank. The survey will use the tool for collecting the data. The questionnaire instrument includes two sections; first section is assigned for the respondent's background, while the second section is assigned for the study variables. For the purpose of analyzing the primary data, SPSS software version 23 will be used to conduct the required tests. The descriptive data is used to determine the level of each variable in term of mean and standard deviation. The correlation test

uses to examine the relationship between variables. The Pearson correlation test will be employed to examine the relationship between (Tangibles and Responsiveness) and the customer satisfaction.

4. DATA ANALYSIS AND RESULTS

Table 1 shows the respondents profile; the race of the respondents', most of the respondent is female (67.5%), while the male forms (32.5%) from the total sample. the highest age category is 36 to 40 years (30.7%), followed by 26 to 30 years (25.4%) and 31 to 35 years (25.4%), above 40 (17%), and finally age category 18 - 25 years (1.4%). the bachelor certificate holders have the highest percentage (56.2%), while master's degree (11.3%), for diploma (27.9%), PhD (4.6%).

Table 1: Respondents profile

Demographic	Numbers and Percentage of Respondents
Age	
18-25 years	(4), 1.4%
26-30 years	(72), 25.4%
31- 35 years	(72), 25.4%
36- 40 years	(87), 30.7%
>40	(48), 17.0%
Gender	
Male	(92), 32.5%
Female	(191), 67.5%
Educational Level	
Diploma	(79), 9.8%
Bachelor	(159), 51.1%
Master	(32), 2.7%
PhD	(13), 2.0%

When the respondents were asked to give their responses regarding the seven items of the survey composing the tangibles construct, as shown in Table 2, results revealed that the highest M value (M=3.91) was scored by TAN2 concerning the physical facilities of the bank are visually appealing followed by TAN1 (M=3.60) regarding the modern equipment forms one of the service quality dimension in the bank. Results also show that TAN 4 and TAN 5 (M=3.34) concerning the cleanliness of bank facilities is an important element and pleasant and attractive decor is provided. However, when the respondents were asked about the availability of information brochures related to bank services are visually appealing (TAN7), results revealed that this item scored is (M=3.08), thus results revealed that the lowest score item among the seven items of tangibility is for TAN 3 and TAN 6 with mean scored (M=2.90).

Table 2: Descriptive Results of Tangibles

No	Items		Mean	Std. Deviation	Skewness	Kurtosis	Min	Max
1	Modern equipment forms one of the service quality dimension in the bank	TAN1	3.60	1.027	-.511	.045	1	5
2	The physical facilities of the bank are visually appealing	TAN2	3.91	1.054	-.874	.083	1	5
3	The neat appearance of the bank staff is very good	TAN3	2.90	1.032	.341	-.295	1	5
4	Cleanliness of bank facilities is an important element	TAN4	3.34	.969	-.226	-.082	1	5
5	Pleasant and attractive decor is provided	TAN5	3.34	.959	-.279	-.333	1	5
6	The automatic bank machines in convenient locations	TAN6	2.90	1.089	.578	-.591	1	5
7	Availability of information brochures related to bank services are visually appealing	TAN7	3.08	1.024	-.190	-.735	1	5
	Overall		3.30					

Responsiveness which refers to willingness of bank staff to assist and help their customers by providing prompt good service to them, was also another factor investigated in the present study. As the customers participating in the current study were requested to rate their agreements and disagreements to five items pertinent to the responsiveness of staff at bank, their agreements and disagreements appeared to vary among the items as reflected by the mean values of their responses to these items. Specifically, the mean value ($M=3.48$) of RES4 shows that the participating customers' item underlie their higher level of agreements about the staff are never too busy to respond to customers' requests. Inform customers participating in the present study when services are provided seems to be medium because the mean value of RES2 was ($M=3.22$). However, results indicate that bank staff shows sincere in solving customers' problem and always willing to help (RES1 & RES5) seem to gain medium levels of agreements among the participants. This is because the mean values of the two items ($M=3.15$ & 3.45) were low. Thus, results of participants showed that the RES3 item was scored the lowest mean value ($M=3.00$) among the five items of responsiveness.

Table 3: Descriptive Results of Responsiveness

No	Items		Mean	Std. Deviation	Skewness	Kurtosis	Min	Max
1	Bank staff show sincere in solving customers' problem	RES1	3.15	1.055	-.330	-.881	1	5
2	Tells customers exactly when services are provided	RES2	3.22	.931	-.150	-.335	1	5
3	Give prompt services to customers	RES3	3.00	1.132	.178	-.800	1	5
4	Staff are never too busy to respond to customers' requests	RES4	3.48	.935	-.799	.370	1	5
5	Banks' staff always willing to help	RES5	3.45	.986	-.495	-.203	1	5
	Overall		3.26					

The hypotheses are:

H1: There is a significant relationship between tangibles and customer satisfaction. This hypothesis was analyzed using correlation. Table 4 shows that there was a positive correlation between tangibles and customer satisfaction with $r = 0.695$ and $p = 0.000$; $p < 0.05$. Thus, the given hypothesis is accepted. In summary, the study found that when tangibles variable increase, satisfaction of the customer will increase.

H2: There is a significant relationship between responsiveness and customer satisfaction. This hypothesis was analyzed using correlation. Table 4 shows that there was a positive correlation between responsiveness and customer satisfaction with $r = 0.431$ and $p = 0.000$; $p < 0.01$. Thus, the hypothesis is accepted. In summary, study was found that when responsiveness increase, customer satisfaction will increase.

Table 4: Correlation Result

		TANG	RES	CS
TANG	Pearson Correlation	1		
	Sig. (2-tailed)			
RES	Pearson Correlation	.278**	1	
	Sig. (2-tailed)	.000		
CS	Pearson Correlation	.695*	.431**	1
	Sig. (2-tailed)	.000	.000	

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

The model summary in table 5 shows the Multiple Regression results. (R) In the table shows the value of Multiple Correlation Coefficient of all the independent variables is "0.610" that mean there is a strong positive relationship between independent variables and customers satisfaction. While $R^2=0.372$ suggests that 37.2% of the variance in customers' satisfaction are explained by the four independent variables. Therefore, it can be concluded that independent variables and customer satisfaction have a strong positive relationship. An increase in one leads to some proportionate increase in the other.

The ANOVA in the table show that whether regression model explains a statistically significant proportion of the variance. According to results the value of F is 32.342 at $p < 0.0001$ a level, the p-value is 0.000 which is below the 0.05 level. Which show that the dependent variable customers' satisfaction is significantly influences

and predicted by the independent variables tangibles and responsiveness). The results of ANOVA accept alternate hypothesis.

The coefficients in table 6 shows that the coefficients value of each independent variable on behalf of an estimate of the average change in the dependent variable for a one-unit change in the independent variable remaining constant. This study examined the relationship of service quality dimensions on customer satisfaction. The results show that four independent variables are positively correlated with customers' satisfaction. The correlations among two variables are statistically significant. That means customers' satisfaction, tangibles, and responsiveness, are related. The results of this study revealed that tangibility ($\beta = 0.321$, $t\text{-value} = 3.264$, $p = 0.003$), responsiveness ($\beta = 0.261$, $t\text{-value} = 2.589$, $p = 0.000$), had a significant and strong positive influence on customers' satisfaction. Meaning that whenever there is 1-point increase in independent variables factors (tangibles, responsiveness,) will influence customers' satisfaction to increase by (0.321, 0.261 points respectively). Furthermore, beta coefficient has been used to examine which independent variable have more influence on the dependent variable (Hair, Celsi, Money, Samouel, & Page, 2014) (Hair, 2015).

Table 5: Model summary

Model Summary ^b	R	R Square	Adjusted R Square	Std. Error of the Estimate		
	0.610 ^a	0.372	0.362	0.723		
a. Predictors: (Constant), Tangibles, Responsiveness						
b. Dependent Variable: Customers Satisfaction						
ANOVA ^a		Sum of Squares	df	Mean Square	F	Sig.
	Regression	81.605	3	16.321	32.342	0.000 ^b
	Residual	130.796	244	.536		
	Total	212.401	247			
a. Dependent Variable: Customer Satisfaction						
b. Predictors: (Constant), Tangibles, Responsiveness, Reliability, Empathy						

Table 6: Multiple Regressions

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.378	.304		-1.242	0.215
Tangibles	0.321	.085	0.179	3.264	0.003
Responsiveness	0.261	.098	0.176	2.589	0.000
a. Dependent Variable: Customers Satisfaction					

5. DISCUSSION

The present study as previously mentioned used a descriptive analysis of the customers' responses to 33 items of the survey which compose two constructs: service quality (25 items) and satisfaction (8 items). This sub-section presents discusses the results of the descriptive analysis of the two main constructs in relation to previous research as to answer the second research question concerning the levels of the customers' perceived service quality and satisfaction. In line with previous research emphasizing the importance of service quality in banking sector which customer perceptions of the banking service experience have become increasingly important as banks have attempted to become more customer oriented (Hadikoemoro, 2002; Tremblay, Lalancette, & Roseveare, 2012), the current study investigated the customers' perceived service quality in terms of four dimensions: Tangibles, Responsiveness, as examined in many previous studies (Almossawi, M. (2001); Al-Ajmi, J., Abo Hussain, H., & Al-Saleh, N. (2009); Corts, Lounsbury, Saudargas, and Tatum (2000) Khan, M. S. N., Hassan, M. K., & Shahid, A. I. (2008) (Al-Alak & Alnaser, 2012; Ezeokoli & Ayodele, 2014; Hanaysha, Dileep, & Hilman, 2012; Nell & Cant, 2014a, 2014b; Wei & Ramalu, 2011; Zakaria, Ahmad, & Norzaidi, 2009) (Al-Alak & Alnaser, 2012; Ezeokoli & Ayodele, 2014; Hanaysha, Dileep, & Hilman, 2012; Nell & Cant, 2014a, 2014b; Wei & Ramalu, 2011; Zakaria, Ahmad, & Norzaidi, 2009).

6. CONCLUSION

Results of the present study imply that customers' satisfaction of towards service quality is important forms of outcome of bank. This is because customers judge or evaluate the service quality in the form of feelings towards such services and this entails that assessment of the outcome of service quality in bank relies on what and how customer feel towards such service quality offered to them. This is also supported by the results of multiple regressions especially how customers' perceived service quality and their satisfaction affect one another positively. This implies that for understanding customers' perceived service quality, it cannot be well captured in isolation or independently from customers' satisfaction.

REFERENCES

- Al-Alak, B., & Alnaser, A. S. M. (2012). Assessing the relationship between higher education service quality dimensions and student satisfaction. *Australian Journal of Basic and Applied Sciences*, 6(1), 156-164.
- Al-Allak, B., Saeed, M., & Alnaser, A. (2011). Balancing Market Needs and Education Objectives (The case of higher education transformation). *Australian Journal of Basic and Applied Sciences*, 5(11), 860-862.
- Al-Allak, B. A. (2012). SMS-Based mobile marketing in Malaysia youth market a conceptual approach. Paper presented at the AFBE 2012 conference papers (UNITEN).
- Al-Allak, B. A., Alnaser, A. S., & Saeed, M. A. (2011). Education and Globalisation: Conceptual and Visionary Approach. *Advanced Social Research*, 1, 1-10.
- Corts, D. P., Lounsbury, J. W., Saudargas, R. A., & Tatum, H. E. (2000). Assessing undergraduate satisfaction with an academic department: A method and case study. *College Student Journal*, 34(3), 399-399.
- Ezeokoli, R. N., & Ayodele, K. O. (2014). Dimensions of service quality encountered by students on sustainability of higher education in Nigeria. *Dimensions*, 4(6).
- Feder, B. J. (2006). Theodore Levitt, 81, Who coined the term «Globalization», Is Dead. *New York Times*, 6.
- Hadikoemoro, S. (2002). A comparison of public and private university students' expectations and perceptions of service quality in Jakarta, Indonesia: UMI Dissertation Services.
- Hair, J. F. (2015). *Essentials of business research methods*: ME Sharpe.
- Hanaysha, J. R., Dileep, K., & Hilman, H. (2012). Service quality and satisfaction: Study on international students in universities of North Malaysia. *International Journal of Research in Management*, 3(2), 116-113.
- Iqbal, M., & Molyneux, P. (2005). Thirty years of Islamic banking: history, performance, and prospects.
- Nell, C. E., & Cant, M. C. (2014a). Determining student perceptions regarding the most important service features and overall satisfaction with the service quality of a higher education institution. *Management: Journal of Contemporary Management Issues*, 19(2), 63-87.
- Nell, C. E., & Cant, M. C. (2014b). SERVQUAL: Students' perception And Satisfaction With Regards To Quality Of Service Provided By Student Administration Departments Within Tertiary Institutions. *Corporate Ownership and Control*, 11(4), 242.
- Tremblay, K., Lalancette, D., & Roseveare, D. (2012). Assessment of higher education learning outcomes: Feasibility study report, volume 1 design and implementation: OECD Paris.
- Wei, C. C., & Ramalu, S. S. (2011). Students Satisfaction towards the University: Does Service Quality Matters? *International Journal of Education*, 3(2), 1. doi: 10.5296/ije.v3i2.1065
- Zaiter, M. M. (2010). Financial Development and Economic Growth in the GCC Countries. American University of Beirut.
- Zakaria, Z., Ahmad, A., & Norzaidi, M. (2009). Determining world class university from the evaluation of service quality and students satisfaction level: An empirical study in Malaysia. *International Journal of Scientific Research in Education*, December, 2(2), 59-66.